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Letter dated 23 June 2006 from the Permanent Representative of South Africa to the United Nations addressed to the Secretary-General

I have the honour to transmit herewith the Vienna Spirit, adopted by the Chairpersons/Coordinators of the Chapters of the Group of 77 at the fortieth meeting, held in Vienna, on 8 and 9 June 2006 (see annex).

On behalf of the Group of 77 and China, I would appreciate it if the present letter and its annex could be circulated as an official document of the sixtieth session of the General Assembly under agenda items 42, 50, 52, 54, 57, 106, 107, 118, 120 and 124.

(*Signed*) Dumisani S. **Kumalo**
Ambassador and Permanent Representative of the
Republic of South Africa to the United Nations
Chairman of the Group of 77

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Annex to the letter dated 23 June 2006 from the Permanent Representative of South Africa to the United Nations addressed to the Secretary-General

Vienna Spirit

Adopted by the Fortieth Meeting of the Chairpersons/ Coordinators of the Chapters of the Group of 77, held in Vienna on 8 and 9 June 2006

1. We, the Chairpersons/Coordinators of the Chapters of the Group of 77, meeting in Vienna on 8 and 9 June 2006, under the chairmanship of Ambassador Dumisani Shadrack Kumalo, Permanent Representative of South Africa to the United Nations and Chairman of the Group of 77 in New York, have unanimously adopted the following communiqué.

2. We highly appreciate the support and active participation of the executive heads of the United Nations Office in Vienna, and of international organizations including the United Nations Industrial Development Organization (UNIDO), the International Atomic Energy Agency (IAEA), the United Nations Office on Drugs and Crime, the United Nations Conference on Trade and Development (UNCTAD), the Organization of Petroleum Exporting Countries (OPEC) and the OPEC Fund for International Development. We have discussed and reviewed several issues at our meeting, especially energy and development issues, the development dimension in the context of the United Nations reform process and the promotion of South-South cooperation.

3. We attach high priority to the reform of the United Nations with the objective of strengthening the Organization so that it can respond efficiently to the current and future challenges affecting the international community, in particular the concerns and interests of developing countries, which constitute the vast majority of its membership.

4. In this context, we commit ourselves to the implementation of the Statement adopted by the Ministers of Foreign Affairs of the Group of 77 and China, at the Special Ministerial Meeting held in Putrajaya, Malaysia on 29 May 2006. We wish to reaffirm that the United Nations reform process should be aimed at strengthening multilateralism, providing the Organization with a substantive capacity to meet fully and effectively the purposes and principles enshrined in the Charter of the United Nations, and consolidating its democratic character and its transparency as the central forum for dialogue and negotiations, and that nothing should be done to undermine its pluralism and its diversity.

5. We reiterate that the objective of the United Nations reform is to strengthen and update the work of the Organization so that it responds to the contemporary requirements of Member States. The work of the Organization should be geared towards implementing more effectively and efficiently the legislative decisions and mandates adopted by the intergovernmental bodies of the United Nations.

6. We believe that a stronger United Nations is in the interest of all countries. We support a meaningful reform that is reflective of the views of the collective

membership, and we believe that the voice of every Member State must be heard and respected, irrespective of their budgetary contributions to the Organization.

7. We reiterate that United Nations reform is not intended to change the intergovernmental nature of our decision-making, oversight and monitoring processes. Neither is it intended to reduce the budget levels of the Organization, to fund more activities from within the existing pool of resources, nor to redefine the roles and responsibilities assigned to the various organs of the United Nations by the Charter. Rather it is envisaged to examine how the mandates of the organizations of the United Nations can better complement each other through well-coordinated synergies to achieve the Millennium Development Goals. We further reiterate that reforms should allow for normative activities to be translated progressively into field operations, while acknowledging that the developing countries need to be afforded the necessary assistance and support to utilize the new information technology.

8. We emphasize that the United Nations is the premier international organization and system addressing sustainable development in its three components: economic development, social development and environment protection. In that regard, its role should be strengthened so as to cover the normative, analytical, policy and operational aspects of development, bearing in mind that the normative work of the Organization is the outcome of an intergovernmental decision-making process and is addressed to the full membership of the United Nations.

9. We stress that the objective to achieve system-wide coherence should not be a cost-cutting exercise. Reductions in administrative expenses should be redirected to programmes in each country. The principles of cost recovery should be harmonized, and its proceeds retained and spent on development programmes. In this context, we encourage the members of the Secretary-General's High-level Panel on System-wide Coherence to interact with various Chapters of the Group of 77 and their members. The United Nations should avoid shifting resources from development activities to other activities that are donor driven and not in line with the priorities of developing countries.

10. Following meetings with the executive heads of several United Nations organizations, we stress that it is the context and unique perspectives brought by each United Nations organization/department that are important, and not only its specific activities. The High-level Panel on System-wide Coherence should take this fully into account. It should facilitate the continuation and strengthening of the contexts and unique perspectives of the organizations, and not seek to remove or erode mandates in the name of cost-cutting or the avoidance of duplication.

11. In this regard, we encourage the High-level Panel to allow itself enough time to do full justice to this important opportunity; September 2006 does not have to be the final deadline.

12. We emphasize that the Secretary-General should receive adequate and predictable resources to undertake effectively the numerous tasks entrusted to the United Nations as mandated by Member States. We regret the exceptional and unprecedented measure of restricting the expenditure of the Organization by authorizing the Secretary-General to enter only into expenditure limited to 50 per cent of the approved budget of 2006. We underline that the measures imposed upon the Organization have adversely affected programme delivery in the Organization.

We stress that this limit on the expenditure of the Organization should be lifted automatically upon the request of the Secretary-General at the appropriate time. We call on all Members States to act accordingly.

13. We emphasize that one of the fundamental reforms required would be for the United Nations, which is the most representative global organization, to mobilize the highest political commitment and to provide policy direction and guidance to the Bretton Woods institutions, the World Trade Organization and other relevant organizations and institutions that have an impact on the development of many countries. Key to promoting good governance at the international level would be the active voice and effective participation of developing countries in the international decision-making processes, in particular in the Bretton Woods institutions, which are central to promoting the legitimacy, relevance and effectiveness of the international financial system and international financial institutions.

14. We agree that there should be greater cooperation between the Intergovernmental Group of Twenty-four (G-24) and other Chapters of the Group of 77 through more concrete measures and mechanisms. Through these, the Group of 77 could provide inputs into the perspectives and positions of the G-24 in their operations in the Bretton Woods institutions, and the G-24 could provide inputs to the positions of the Group of 77 in the financing for development process and other processes in the United Nations. Joint activities such as workshops can also be envisaged. The chairperson of the G-24 has invited the Group of 77 to assist it in developing a network of researchers from developing countries to strengthen the developing country perspective on finance and development issues. We agree that research and workshops should, in particular, strengthen our capacity to negotiate in both the Bretton Woods institutions and the United Nations, as well as in the World Trade Organization.

15. Furthermore, the underrepresentation of developing countries in the decision-making process continues to undermine the credibility and legitimacy of the Bretton Woods institutions. We stress the need for a comprehensive package to review the quota formula, including, inter alia, the need for (a) a new quota formula that reflects more accurately the relative economic size of developing countries in the world economy, taking into account purchasing power parity and the greater vulnerability of developing countries to commodity price fluctuations, volatile capital flows and other exogenous shocks, and (b) a substantial increase in basic votes.

16. We are further concerned that developing countries are currently not fully conversant with the new Resource Allocation Framework (RAF) under the Global Environment Facility (GEF), which is designed to increase predictability and transparency in the way GEF allocates resources. From July 2006, GEF will start to allocate resources for biodiversity and climate change projects while examining the feasibility of developing indicators necessary for extending RAF to other focal areas, namely, international waters, land degradation and persistent organic pollutants. We therefore urge that efforts be made to allow developing countries to understand fully the operations of RAF so that they do not miss out on financial resources from GEF owing to lack of understanding of the system.

17. We reaffirm and strongly support the roles and mandates of the humanitarian and development institutions and agencies of the United Nations, including in particular UNIDO, UNCTAD, the Food and Agriculture Organization of the United

Nations, the World Food Programme, the United Nations Educational, Scientific and Cultural Organization, the International Fund for Agricultural Development (IFAD), the United Nations Human Settlements Programme (UN-HABITAT) and the United Nations Environment Programme. In this context, we will continue to work with other partners to strengthen the role and functioning of the United Nations system in the field of development and, to this end, we reaffirm our strong support for the reforms undertaken by UNIDO, UNCTAD, FAO, UNESCO, UNEP and the United Nations Human Settlements Programme and for their valuable contributions to the programmes of the developing countries.

18. We consider it essential that the reform of the United Nations build on reform processes under way in different parts of the system. We note that UNIDO reforms in recent years have enabled it to become a more focused, effective and efficient organization for developing countries and more capable of delivering concrete outcomes and providing valuable contributions to the achievement of the internationally agreed development goals. We also note similar reform efforts in UNCTAD, FAO, UNESCO, IFAD, UN-HABITAT and UNEP.

19. We are convinced that industrialization remains an essential factor in the sustained economic growth, sustainable development and eradication of poverty in developing countries and plays a critical role in the achievement of the internationally agreed development goals. In this respect, we reaffirm our full support for the mandate of UNIDO and calls for enhancing its role and maintaining its institutional integrity in the context of United Nations reform. To this end, we call on the Economic and Social Council to consider adopting a theme relating to industrial development cooperation for its high-level segment in 2008.

20. We reiterate the important role of UNCTAD as the focal point within the United Nations for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development. We commit ourselves and call upon the international community to work towards the strengthening of UNCTAD, to enhance its contribution in its three major pillars, namely consensus-building, research and policy analysis, and technical assistance, especially through increased core resources. We further reiterate the need to operationalize the new functions mandated by UNCTAD XI in the areas of policy space, corporate responsibility and new and emerging fields of information and communication technology, as well as to reinvigorate its intergovernmental machinery.

21. We recommend attention be given to the existing mandates on coherence. UNCTAD must continue to advance the important objective of coherence for development, i.e., generating a greater understanding of the interface and coherence between international processes and negotiations on the one hand and the development strategies and policies that developing countries need to pursue on the other. In this regard, UNCTAD has been mandated by the São Paulo Consensus to promote systemic coherence, including through cooperation with other international organizations and follow-up to major United Nations conferences and summits in the fields of social and economic development.

22. We express our appreciation to the United Nations Office at Geneva and UNCTAD for agreeing to provide necessary support staff and office space for the conduct of the activities of the Geneva Chapter, in accordance with the decision in paragraph 12 (a) of the ministerial meeting commemorating the thirtieth anniversary

of the Group of 77, as well as the decision taken by the Chairpersons/Coordinators of the Chapters of the Group of 77 at the thirty-ninth meeting.

23. We are concerned by the continued difficulties that specialized agencies like UNIDO and FAO are having in obtaining direct access to the funds of GEF, as executing agencies under the GEF expanded opportunities for executing agencies, in those GEF focal areas where they are recognized as having a comparative advantage. Given the increasingly important connection between development and the protection of the global environment, we believe that GEF has a significant role to play in financially supporting technical cooperation in the developing countries. We therefore urge that every effort should be made to allow specialized agencies to have the widest possible direct access to GEF funds.

24. We reaffirm the basic right of all States to research, develop and produce nuclear energy for their own sustainable development and for peaceful purposes. In this regard, we recognize the role of IAEA in promoting sustainable socio-economic development through its important work in such areas as food and agriculture, human health, industry, water resource management, the environment, knowledge management and nuclear energy planning and production. We consider it essential for IAEA to strengthen its technical cooperation programme on the peaceful uses of nuclear energy and to maintain an appropriate balance between all its mandated activities. In this context, we welcome the contribution of IAEA to the fulfilment of the Millennium Development Goals and encourage the agency to continue its activities aimed at promoting technical cooperation between developing countries and South-South cooperation.

25. We remain committed to combating the world narcotic drug problem and strengthening the international drug control system and, to this end, we will continue to participate actively in the work of the Commission on Narcotic Drugs. In this context, we reaffirm that the fight against the demand and supply of drugs requires an integrated approach of preventive and enforcement measures. It is in this connection that the Group reiterates its call upon international organizations and developed countries to provide new and additional financial resources and technical assistance.

26. We welcome the entry into force of the United Nations Convention against Corruption on 14 December 2005 and believe firmly that asset recovery is a fundamental principle of the Convention.

27. We welcome the increasing number of States Parties of the United Nations Convention against Transnational Organized Crime and the Protocols thereto. The Convention and its three Protocols provide a legal framework for international cooperation in the fight against transnational organized crime. We are convinced that it is imperative that any effective crime prevention strategy should address adequately the root causes of crime, including inter alia injustice, poverty, unemployment, the marginalization of vulnerable people and the lack of education.

28. We recognize that South-South cooperation has expanded as a response to global challenges and has created a stronger voice in the international arena for the countries of the South. It has become an integral part of the mutual relations between the developing countries and an important means of promoting the exchange of ideas, experience, knowledge, technical advances, skills and expertise across a broad range of sectors. There is a greater commitment from developing

countries to support development efforts in order to reach a new level of economic independence and collective self-reliance.

29. We stress the need to further strengthen South-South cooperation, including through enhancing the capacities of the institutions and mechanisms that promote such cooperation. We reiterate our firm commitment to further strengthening South-South cooperation. This form of cooperation is increasingly important both as a strategy in support of development and as a means of ensuring the effective participation of developing countries in the emerging global economic order.

30. We reaffirm the need to strengthen the research capacity of the Group of 77 in New York, as well as in the Chapters, so as to enhance the negotiating strength of the Group, including through operationalization of the research programme decided on by the first Group of 77 South Summit held in Havana in April 2000. The research to be developed is required (a) to assist the Group of 77 to meet its immediate needs of day-to-day negotiations, and (b) to guide the Group's longer-term understanding of and perspectives on key issues that are in the negotiating calendar of the next several years, and key issues to assist in the development of the developing countries. We agree to follow up and address this issue further.

31. We welcome the recent encouraging developments in developing countries that augur well for South-South cooperation. The emerging new dynamic economies of the South provide new and potential opportunities for promoting South-South cooperation through trade, investment and technological cooperation. In this context, we welcome the ongoing initiatives taken by the UNDP Special Unit for South-South Cooperation to boost South-South cooperation, including through convening the Global South Development Forum; the second High-level Forum on Trade and Investment; the South-South Mayors Forum to Promote City to City Cooperation for Development; the Southern African Development Community Parliamentary Forum; the Global South Creative Economy Expo and through other public-private partnership initiatives in new and dynamic sectors.

32. We strongly support the UNIDO South-South technical cooperation programme encompassing clusters and business linkages for development of small and medium enterprises; a regional system for accreditation and certification within the framework of trade capacity-building; technology partnerships and investment promotion in priority industrial subsectors; rural energy development for productive use; environmental management involving cleaner production technologies; the UNIDO industrial subcontracting and partnership exchange programme and establishment of regional centres for South-South industrial cooperation.

33. We further stress the importance of implementing the Bali Strategic Plan for Technology Support and Capacity-building, which underscores the importance of South-South cooperation, including triangular cooperation, and stresses the need to intensify efforts directed towards institutional capacity-building, including through the exchange of expertise, experiences, information and documentation between the institutions of the South in order to develop human resources and strengthen the institution of the South, and places emphasis on the important role of economic and social development played by scientific knowledge and technology, which have a major influence on the way in which the Earth's resources are used and shared among the inhabitants.

34. We welcome the progress made by the Trieste System, especially by the Academy of Sciences for the Developing World (TWAS), to operationalize the G-77 consortium on knowledge and technology in Trieste, Italy, as decided by the Group of 77 at the South Summit. We express our appreciation to the Government of Italy for the valuable support provided to developing countries over the years by various scientific institutions in Trieste. In this context, we welcome the memorandum of understanding signed in 2005 between the Trieste System and the Chairperson of the Group of 77 in order to strengthen scientific cooperation between research institutions and universities in the South and the Trieste System. To this end, we support the initiative to convene a high-level forum to establish strategic North/South partnership in science and technology.

35. We also welcome the ongoing preparations for the Meeting of Ministers of Science and Technology of the Group of 77, to be held on 3 September 2006 on the sidelines of the 10th General Conference and 17th General Meeting of TWAS and the 9th General Assembly of the Third World Network of Scientific Organizations, to be held in Angra dos Reis, Rio de Janeiro, Brazil, from 2 to 6 September 2006.

36. We are convinced that dialogue among cultures and civilizations should be a continuous process and that, in the current international environment, it is not an option but an imperative for a sound and productive look at promoting development to create a better life for all. This concept needs to be mainstreamed in the human rights machinery and UNESCO. In this respect, we reiterate our call to UNESCO to support the convening of a high-level forum of eminent personalities in order to discuss effective ways of bridging the gaps and achieving responsible governance.

37. We express our appreciation to the Vienna Chapter of the Group of 77 for taking the initiative to organize panel discussions on trade capacity-building and energy for development, two issues of great importance, especially to the developing countries. The informative presentations of UNIDO and IAEA and the ensuing panel discussions gave the Chairpersons/Coordinators of the Chapters of the Group of 77 a greater appreciation for the valuable programmes that the Vienna-based organizations are carrying out in these fields. In this context, we encourage UNIDO to continue its valuable work in trade capacity-building and energy for development, as well as its collaboration with IAEA on energy for the benefit of the developing countries. We also wish to thank all who contributed to the success of the interactive panel discussion. We mandate the Chairperson of the Group of 77 in New York to convey the views of the Chapters on the ongoing reform process at various forums.

38. Having participated actively in the panel discussion, we agree to the following:

(a) Developing countries, assisted by United Nations organizations and agencies, should build their capacity to participate effectively in multilateral and bilateral trade negotiations and to develop supply capacity to produce and market increasingly higher value-added products;

(b) Developing countries should prioritize national policies on energy for development. Developing countries require adequate energy resources to meet household needs and the needs for economic and social development, while taking account of the need for energy efficiency and environmental soundness.

39. We express our deep appreciation and gratitude for the excellent preparation and manner in which the Vienna Chapter and UNIDO hosted the fortieth meeting of the Chairpersons/Coordinators of the Chapters of the Group of 77.